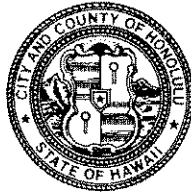


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MAYOR



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CITY COUNCIL  
HONOLULU, HAWAII

RIX MAURER III  
DIRECTOR

MARK K. OTO  
DEPUTY DIRECTOR

May 1, 2009

The Honorable Nestor Garcia, Chair  
and Members of the Budget Committee  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

Dear Chair Garcia and Councilmembers:

Subject: Budget Communication 8  
Council Budget Hearing Question 2.a) and 2.b)

This is in response to Budget Committee questions of March 23, 2009, regarding the Department of Budget and Fiscal Services.

**Question 2.a) Please provide any policy or guideline given to the departments with regard to the leasing or renegotiation of office space, and the impact the new state law that caps the percentage of space rented for government purposes has on that policy.**

Answer: If departments have a need for additional office space, they are to evaluate their existing office space to see if they are able to internally reallocate space to accommodate new operational needs. If their needs exceed their assigned space, the agency submits a request to the Department of Design and Construction (DDC). DDC reviews the agency's need for space and seeks City owned office space, or if unavailable, leased space. The policy and procedures regarding the City's lease of office space are detailed in the attached Administrative Directive 386. The City's current leases do not violate the new State law that caps the percentage of space rented for government purposes.

The Honorable Nestor Garcia, Chair  
and Members of the Budget Committee

Page Two

**Question 2.b) Please explain why the Transit fund is not charged an administrative fee?**

Answer: The Administration is reviewing the application of CASE to the Transit Fund. Expenditures from this new fund only began recently, and we are evaluating the extent to which the Rapid Transit program will impact other City agencies' workload. With this evaluation, we would be able to determine the level of CASE to apply to the Transit Fund.

Should you have any questions, please feel free to call me at 768-3901.

Sincerely,

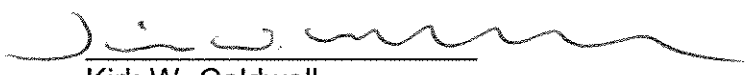


Rix Maurer III  
Director

RM/DC:sk

Attachment

APPROVED:



Kirk W. Caldwell  
Managing Director

**Subject No. 386**

Effective Date: 02/06/09

**Subject****LEASE OF OFFICE SPACE AND PARKING SPACE BY THE CITY****Subject Matter Expert**

BFS

**Reference**

Managing Director's Memo, December 29, 2006

**Purpose**

To provide guidance to departments and agencies when the City, as a lessee, rents office space and parking space. Also, to assign the coordination of office space leases to the Department of Design and Construction (DDC) and parking space leases to the Department of Facility Maintenance (DFM).

This policy applies to all executive branch agencies, except the Board of Water Supply.

**I. POLICY**

All agreements and contracts to lease office space or parking stalls will require approval by the managing director, prior to commitment and execution.

Office space and parking leases generally require multi-year commitments of funding that involve substantial amounts of City resources. To better coordinate, manage, and control the leases the managing director is designating that:

1. The DDC director or designee is responsible to plan and manage the lease of office space as well as the utilization of City-owned office space, and
2. The DFM director or designee is responsible to plan and manage all leases of parking space as well as the utilization of City-owned parking space, with the exception of the Neal S. Blaisdell Center and Honolulu Police Department (HPD) Main Station parking lots. The Department of Enterprise Services (DES) director is responsible to plan and manage employee parking at the Neal S. Blaisdell Center. The management of parking space for HPD is under the jurisdiction of the chief of police.
3. The department/agency occupying the office space and/or parking space is responsible to budget and make timely payments for the lease rental costs and all other associated costs, such as common area maintenance, utilities, telecommunication, and related equipment costs.

Employees authorized to use parking spaces at City-owned parking lots operated by a management company or at leased commercial parking lots are to pay the parking fee as provided by the parking schedule used at City operated parking lots. The parking

fee will be collected from the employee via payroll deduction in accordance with Administrative Directive 387, Employee Parking at a City-owned Parking Lot Operated by a Management Company or at a Commercial Parking Lot.

## **II. PROCEDURES**

- A. All requests by a department/agency to lease office space and/or parking space will be reviewed as follows: (Exhibit 1- Sample Request)
  - 1. The department/agency is to submit a request to lease office space to DDC and a request to lease parking space to DFM.
    - a. Each request is to include a full explanation, justification and statement of annual costs for the lease of office space and/or parking space.
    - b. Any request for the lease of parking space is to also include the employee name(s) and position(s) that will be using the parking stall(s) and indicate if any of the parking will be subsidized by the City.
    - c. If an office space lease includes parking, a combined request should be submitted to both DDC and DFM simultaneously.
  - 2. The DDC director or designee will perform an assessment of the request and make a recommendation for the lease of office space.
  - 3. The DFM director or designee will perform an assessment and make a recommendation for the lease of parking space.
  - 4. The respective BFS fiscal officer will review and certify funds availability for all leases of office space and/or parking space.
  - 5. The BFS director will review the request and make a recommendation for the lease of office space and/or parking space.
  - 6. The request to lease office space and/or parking space will be sent to the managing director for final approval, prior to commitment and execution of the lease.
- B. For office space leases that include parking, DDC will send DFM a copy of the executed lease that includes the number of parking stall(s).
  - 1. DFM will maintain an inventory of all leases with an option to lease parking space and will contact the requesting department/agency to confirm their plans on leasing and using the parking space.
    - a. If a department/agency later decides to use the parking spaces provided in the lease, a request is to be sent directly to DFM for evaluation. If approved, the department/agency will make arrangements directly with the parking vendor to lease the approved number of stalls.
    - b. For employee use of leased parking space, DFM will coordinate with the

employee's department/agency to have the employee complete a revocable permit to authorize payroll deductions for the parking fees.